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Chair: Mr. Rosenthal ..... (Guatemala)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Ms. McLurg

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The meeting was called to order at 10.10 a.m.

Agenda item 131: Improving the financial situation of the United Nations

1. **Ms. Kane** (Under-Secretary-General for Management), accompanying her statement with a computerized slide presentation, said that she would focus on four main financial indicators: assessments issued, unpaid assessed contributions, available cash resources and debt to Member States. The overall picture was mixed, although there had been improvement in some areas.

2. As to the regular budget, she noted that the level of assessments and payments had both been lower in 2010 than in 2009, by $332 million and $371 million respectively. Unpaid assessed contributions had amounted to $787 million as at 5 October 2010, compared to $830 million a year earlier. As at 5 October 2010, 119 Member States — one less than on 13 October 2009 — had paid their regular budget assessments in full. She urged the remaining Member States to pay their assessed contributions for 2010 as soon as possible. Of the total of $787 million outstanding as at 5 October 2010, 88 per cent had been owed by a single Member State, 9 per cent by four other Member States and 3 per cent by the remaining Member States. The final picture for 2010 would depend on action taken by those States in the months that followed.

3. Cash resources for the regular budget comprised the General Fund, into which assessed contributions were paid, the Working Capital Fund, which had been approved at a level of $150 million by the General Assembly, and the Special Account. As at 5 October 2010, the total cash resources available had stood at $897 million, compared to $918 million on 31 December 2009. According to the projections there would be a positive cash balance at the end of December 2010, but the final position would depend on action by the major contributors.

4. A number of factors made it difficult to predict financial outcomes for peacekeeping activities: demand was unpredictable; the financial period for peacekeeping ran from 1 July to 30 June rather than from 1 January to 31 December; assessments were issued separately for each operation; and, since assessments could only be issued through the mandate period approved by the Security Council for each mission, they were issued for different periods throughout the year. All those factors complicated a comparison between the financial situation of peacekeeping operations and that of the regular budget and the International Tribunals.

5. The total amount outstanding for peacekeeping operations as at 5 October 2010 had been $3.2 billion, approximately $1.3 billion higher than at the end of 2009 and $1.1 billion above the level as at 13 October 2009. That amount included assessments for the United Nations Mission in Liberia (UNMIL), totalling some $408 million, which had been issued recently and were still within the 30-day due period. The higher level of unpaid peacekeeping assessments was also partly related to the higher level of assessments in 2010, amounting to $9.5 billion as compared to $5.7 billion in 2009. It had been possible to issue assessments for the last half of 2009/10 only in January 2010, after adoption of the Assembly's decision on the new rates of assessment.

6. Owing to the unpredictable levels and timing of peacekeeping assessments, it could be more difficult for Member States to keep fully current with their payments. The 11 Member States that had paid all their peacekeeping assessments as at 5 October 2010 and the 2 Member States that had subsequently paid in full therefore deserved special thanks.

7. The cash balance in peacekeeping accounts had stood at some $4.5 billion as at 5 October 2010. That amount was divided among the accounts of a number of ongoing and closed operations and the Peacekeeping Reserve Fund, but there were restrictions on its use. The General Assembly routinely specified that no peacekeeping mission should be financed by borrowing from other active missions, and the terms of reference of the Peacekeeping Reserve Fund restricted its use to new operations and the expansion of existing operations. Further, only some of the cash available in the accounts of closed peacekeeping operations was available for borrowing.

8. As at 5 October 2010, cash in the accounts of active missions had totalled approximately $3.9 billion, the Peacekeeping Reserve Fund had had a balance of $141 million and the accounts of closed missions had totalled $435 million. According to current estimates, a total of $3.4 billion would be available in peacekeeping accounts at the end of 2010, with approximately $2.8 billion in the accounts of active missions, $435 million in the accounts of closed

missions and $141 million in the Peacekeeping Reserve Fund.

9. Of the $435 million expected to be available in the accounts of closed missions at the end of 2010, $192 million had been set aside for payment of outstanding liabilities, such as troop and equipment payments and credits to be returned to Member States. That left only $243 million available for cross-borrowing by active peacekeeping operations and for other accounts, including the regular budget and the International Tribunals. With increased liquidity in peacekeeping missions, the need for such cross-borrowing had declined in recent years; that trend could reverse, however, given the unpredictability of receipts. Compared to 2008, when cross-borrowing from the accounts of closed missions had been required for seven active operations for a total of $148 million, in 2009 cross-borrowing had been required for four active operations, namely the United Nations Mission for the Referendum in Western Sahara (MINURSO), the United Nations Operation in Côte d'Ivoire (UNOCI), the United Nations Observer Mission in Georgia (UNOMIG) and the United Nations Integrated Mission in Timor-Leste (UNMIT), for a total of $49 million. So far in 2010, cross-borrowing totalling $29 million had been required for MINURSO and UNMIT.

10. Revised projections of the Organization's debt to Member States suggested that the amount outstanding would total some $430 million at the end of 2010, which was lower than the projection of $525 million made in May and the amount of $775 million outstanding as at 31 December 2009. New obligations had increased in 2010, mainly due to deployments of troops in the African Union-United Nations Hybrid Operation in Darfur (UNAMID) and of additional military contingent and formed police units in the United Nations Stabilization Mission in Haiti (MINUSTAH), but had been partly offset by a reduction in the deployed military strength of the United Nations Interim Force in Lebanon (UNIFIL) and UNMIL. A breakdown of the amounts owed to individual Member States as at 8 October 2010 was being circulated.

11. Payments in respect of troop obligations had been broadly current up to August 2010 for all active missions, while payments in respect of contingent-owned equipment were current up to June 2010. That represented a significant improvement from the situation a year earlier. The Secretariat would continue to monitor the situation and would maximize the quarterly payments according to the cash available. The Secretary-General was committed to meeting the Organization's obligations to troop and equipment contributors as expeditiously as possible. To that end, Member States must meet their financial obligations to the United Nations in full and on time and the relevant memorandums of understanding must be finalized.

12. The financial position of the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia had improved slightly in 2010, with assessments lower than in 2009 and the amount outstanding lower by $13 million. As at 5 October 2010, 88 Member States had paid their assessed contributions in full — 5 more than as at 13 October 2009 — and she urged the remaining Member States to follow their example. The breakdown of unpaid assessed contributions showed that one Member State accounted for 68 per cent of the total, three Member States accounted for 16 per cent and the remaining Member States accounted for 16 per cent. If recent trends continued, the Tribunals would end the year with positive cash balances. Once again, however, the actual outcome would depend on Member States meeting their financial obligations in full and on time.

13. Recalling that the Assembly had approved a total budget of $1.9 billion for the capital master plan, she said that 180 Member States were under the multi-year payment system, while 12 Member States had opted for one-time payment. As at 5 October 2010, payments totalling $1.4 billion had been made, with $84 million still outstanding. A number of Member States that had not opted for one-time payment had nevertheless made advance payments. She thanked the 113 Member States that had paid their capital master plan assessments and urged all Member States to pay their assessed contributions in full and on time to ensure the timely implementation of the plan.

14. In conclusion, she paid special tribute to the 12 Member States that had paid in full all assessments due and payable by 11 October 2010. The financial indicators for 2010 were mixed: cash positions were projected to be positive at year-end for all funds, although the final outcome would depend on contributions made in the last quarter. Debt to Member States was projected to decrease significantly compared to the level at the end of 2009. Unpaid assessments had decreased compared to a year earlier for all budget categories except peacekeeping, although

the increase in unpaid assessments in the latter case was due to the higher level of assessments in 2010. Amounts outstanding continued to be highly concentrated with a few Member States for all budget categories except peacekeeping, for which the degree of concentration had declined in recent years. More than 100 Member States had become registered users of the online portal launched by the Secretariat to provide updated information on the status of contributions; she urged other Member States to do the same. It remained as critical as ever for Member States to meet their financial obligations in full and on time.

Agenda item 129: Programme budget for the biennium 2010-2011

United Nations Office for Partnerships (A/65/347)

15. **Mr. Rich** (Officer-in-Charge, United Nations Office for Partnerships), introducing the report of the Secretary-General on the United Nations Office for Partnerships (A/65/347), said that the Office had three components: the United Nations Fund for International Partnerships; the United Nations Democracy Fund; and advisory services on partnerships.

16. In 2009, funding of the United Nations Fund for International Partnerships had surpassed the $1 billion mark, in keeping with the original commitment made by Ted Turner's United Nations Foundation. The Foundation had decided to continue its work with the United Nations, drawing on both the core funding provided by Mr. Turner and on funding generated by third parties. In the area of children's health, the Foundation had focused on projects on malaria prevention, measles vaccination and polio eradication. Other areas of attention included the environment, particularly world heritage conservation, and population and women's empowerment, through support for the United Nations Inter-Agency Task Force on Adolescent Girls and the Coalition for Adolescent Girls.

17. The United Nations Democracy Fund, which was supported by voluntary contributions from Member States, had conducted its third round of funding in 2009. The Fund had supported a total of 271 projects — 207 national, 47 regional and 17 global — that dealt mainly with strengthening civil society leadership, promoting the participation of women and youth, and supporting media programmes that gave a voice to civil society. The 67 projects approved in 2009 were in the areas of community development, women's empowerment, the rule of law and human rights, tools for democratization, media, strengthening instrumentalities of government, and youth.

18. The Office also provided partnership advisory services, conducted outreach, and fostered innovative strategies to engage non-State actors that wished to work with the United Nations system. Its primary role was to encourage the private sector, civil society and philanthropic foundations to contribute to the Organization. The Office had received more than 1,400 requests for such services in 2009, a 40 per cent increase over the previous year. It was hoped that the demand would level off, as the Office had a small staff that was not expected to grow.

19. **The Chair** suggested that the Secretariat should prepare a draft decision whereby the Committee would recommend that the General Assembly should take note of the report of the Secretary-General on the United Nations Office for Partnerships (A/65/347).

20. *It was so decided.*

Agenda item 138: Administrative and budgetary coordination of the United Nations with the specialized agencies and the International Atomic Energy Agency

Budgetary and financial situation of the organizations of the United Nations system (A/65/187)

21. **Mr. Herman** (United Nations System Chief Executives Board for Coordination), introducing the note by the Secretary-General transmitting the statistical report of the United Nations System Chief Executives Board for Coordination (CEB) on the budgetary and financial situation of the organizations of the United Nations system (A/65/187), said that the report was the only system-wide source of financial statistics for the organizations of the United Nations system based on official data contained in the organizations' audited financial statements.

22. In response to growing demand for system-wide financial information by Member States, the public, the press and, increasingly, the United Nations system organizations themselves, the CEB secretariat had made significant efforts to improve the quality, comprehensiveness and reliability of the data published, with the support of the Finance and Budget Network of the High-level Committee on Management.

The report also responded to the many calls to provide an updated, accessible, clear and reliable presentation of the financial resources available to the United Nations system as a whole and of contributions received by all organizations both under their regular budgets and from extrabudgetary sources. The report before the Committee continued the practice of including comprehensive data on income and expenditure related to extrabudgetary resources from Governments and non-State donors; additional emphasis had been placed on ensuring the accuracy of the data. As a preliminary output responding to General Assembly resolution 63/311 on system-wide coherence, the tables and data, analysis of the figures, charts showing trends across recent years, and snapshots of the distribution of extrabudgetary resources by country, organization and donor type would be made available on the CEB secretariat's website. Participation in the July 2010 survey had been excellent, with 31 organizations responding. Participating organizations had also validated the data provided previously in order to refine its quality across the entire time frame covered by the survey. The data contained in the CEB database on four consecutive bienniums made it the most complete record of the organizations' financial situation and the most publicly available. The increasing number of hits on the CEB website, and the increasing number of queries about the information provided, confirmed the growing interest in the survey, which now contained considerable detail on extrabudgetary resources.

23. The tables, which covered regular budget and extrabudgetary resources, total expenditure, assessed contributions and working capital funds, were accompanied by footnotes that clarified individual figures and provided general explanations of the scope and interpretation of the data presented.

24. **The Chair** suggested that the Secretariat should prepare a draft decision whereby the Committee would recommend to the General Assembly that it should take note of the note by the Secretary-General transmitting the statistical report of the United Nations System Chief Executives Board for Coordination on the budgetary and financial situation of the organizations of the United Nations system (A/65/187).

25. *It was so decided.*

The meeting rose at 10.50 a.m.